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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 4, 2011

John Spencer
Simplot Phosphates, LLC
9401 North Highway 191
Vernal, Utah 84078

Subject: Future Surety Calculations, Simplot Phosphates, LLC., Vernal Phosphate Operation, M/047/0007, Uintah County, Utah

Dear Mr. Spencer:

In a separate letter, the Division of Oil, Gas and Mining is approving the reclamation surety calculations received by the Division September 27, 2011. In the future, please address the following comments in your surety calculations.

1. Please use the forms that are available on the Division's web site at http://linux1.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_worksheets.html.
2. Please use the Division's line items for indirect costs that are on the summary sheet.
3. You should use the Division's earthwork worksheets. You should have the supporting data for earthwork calculations, such as amount of material to be moved and equipment productivity.
4. The Division usually uses Blue Book rates for equipment costs. The Division will provide equipment costs as needed. If you want to use R. S. Means instead, please provide the Means reference numbers. (If Means is used, you may want to modify the demolition worksheets for earthwork.)
5. Please include the demolition costs for all floors and footers as a separate line item. R. S. Means demolition costs do not include demolition of floors and foundations.
6. The calculation must show where debris will be disposed of and any associated transportation costs. For building demolition, Means includes transportation costs up to 20 miles one way. Disposal fees are not included if disposal will occur on site. The Division does not require disposal fees for steel if the debris will be taken to a recycling center.

If you have any questions in this regard please contact me at 801-538-5261, Leslie Heppler at 801-538-5257, or Wayne Western at 801-538-5263. Thank you for your cooperation in completing this permitting action.

Sincerely,

Paul B. Baker
Minerals Program Manager

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